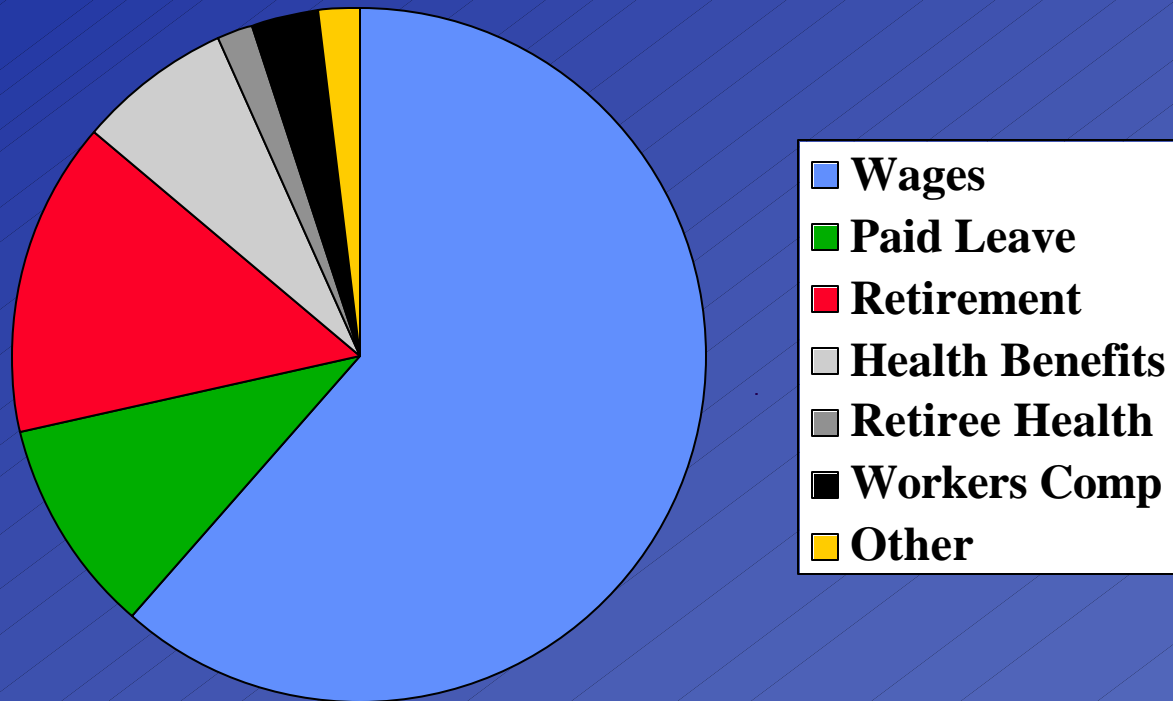


# *USPS 2002 Total Compensation*

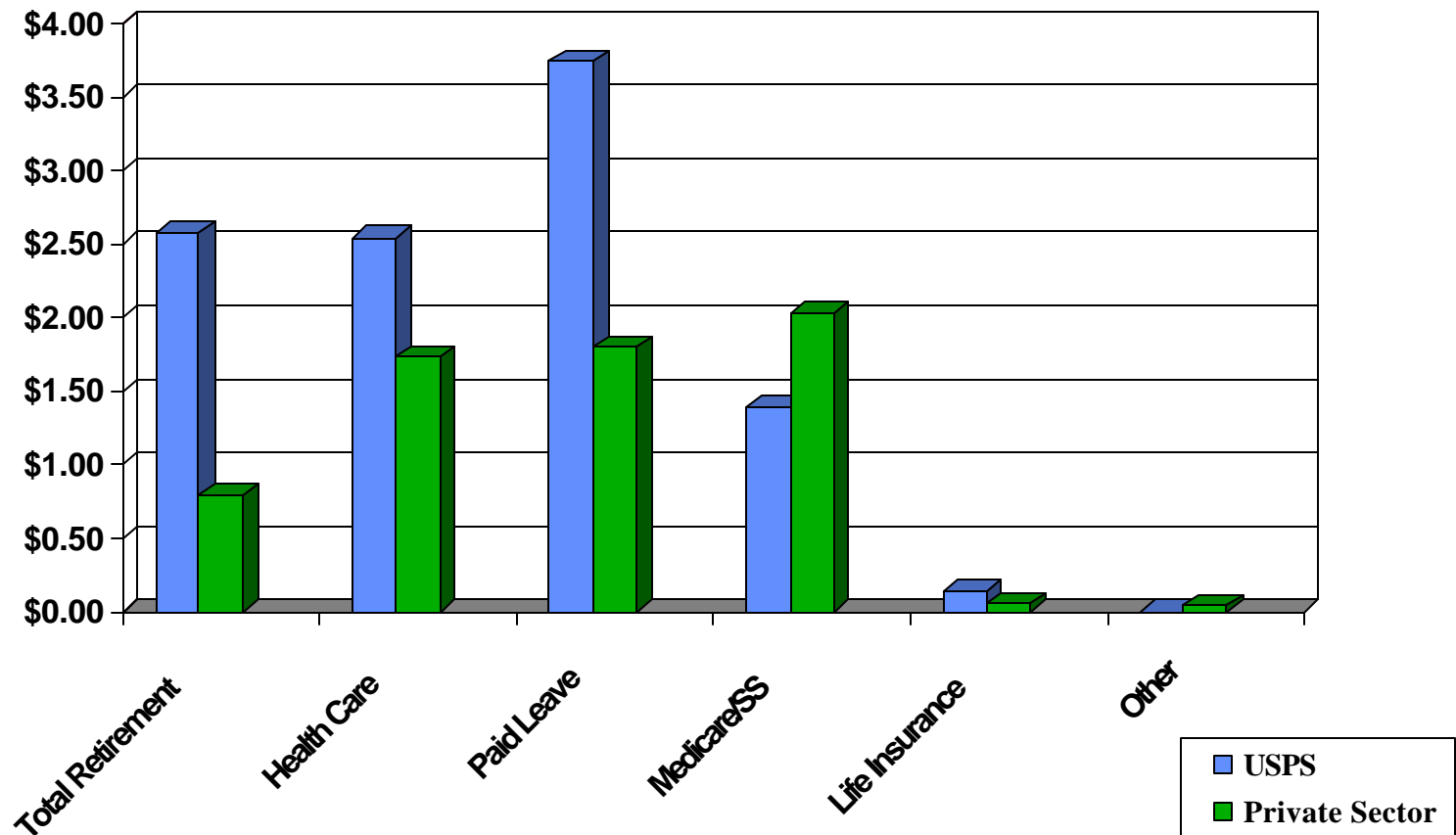


Source: USPS Annual Report, FY 2002

# *Benefit Overview*

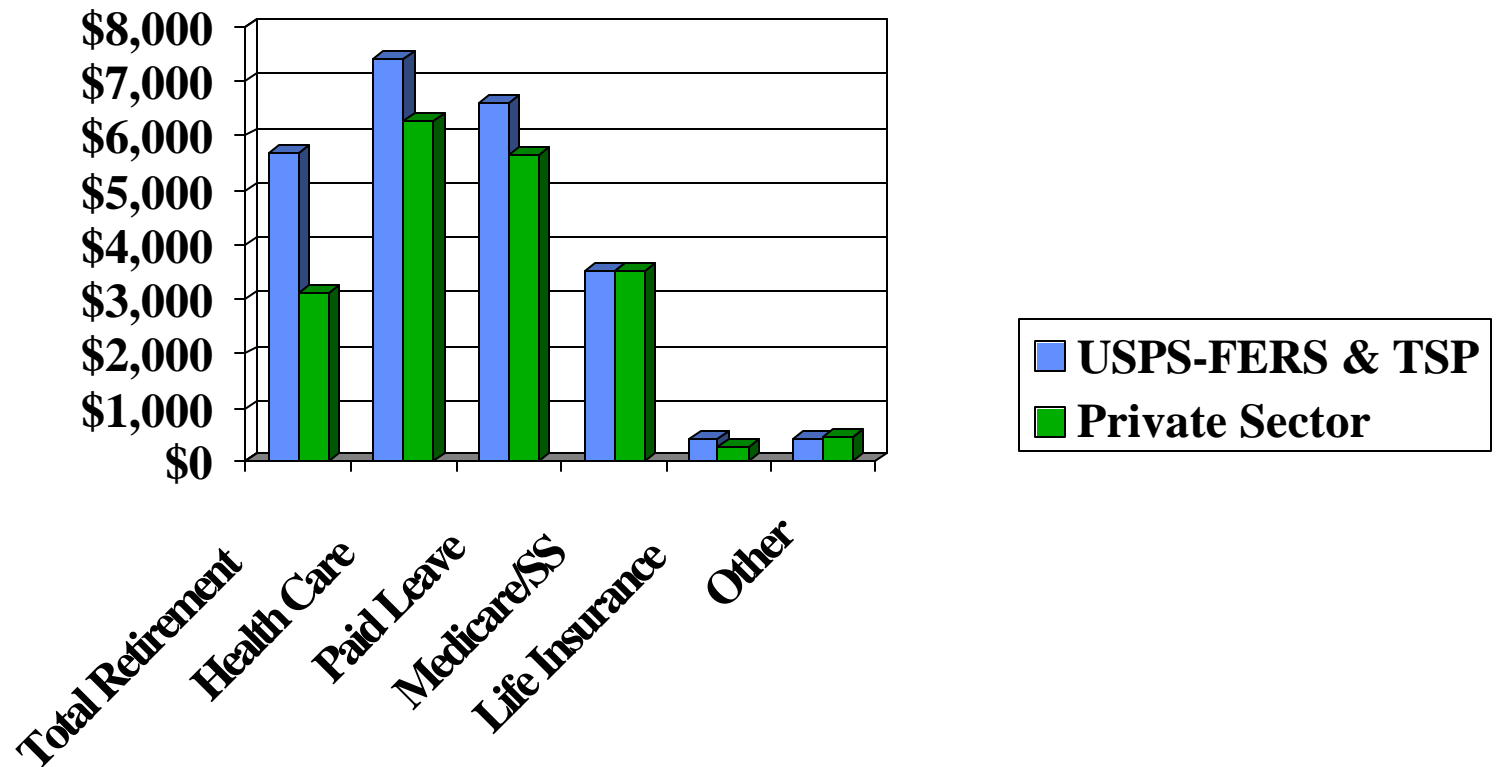
- USPS employees receive a comprehensive benefits package that includes:
  - Retirement
  - Health care
  - Life insurance
  - Sick, annual, and holiday leave
- USPS employees currently realize a significant benefits premium compared to the private sector.
- This premium is evident no matter how benefit values are measured.

# *Employer Benefit Cost as \$\$'s/Hour*



Source: Employer Costs for Employee Compensation, December 2002,  
Bureau of Labor Statistics

# *Total Value of USPS Benefits Compared to the Private Sector*



Source: 2002 Hay Benefits Report

## *Benefit Overview*

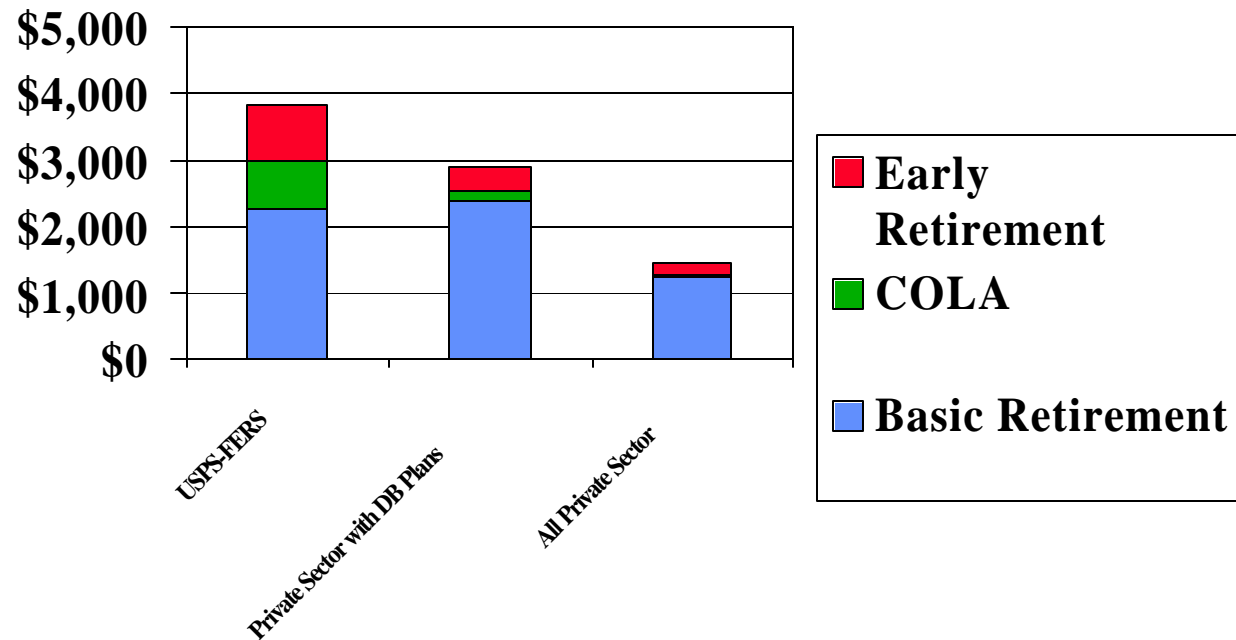
- **Two key areas account for the Benefit Premium**
  - **Retirement Benefits**
  - **Health Insurance Benefits**

# *Retirement*

- **Key Factors**
  - **Unlimited COLA**
  - **Early Retirement**

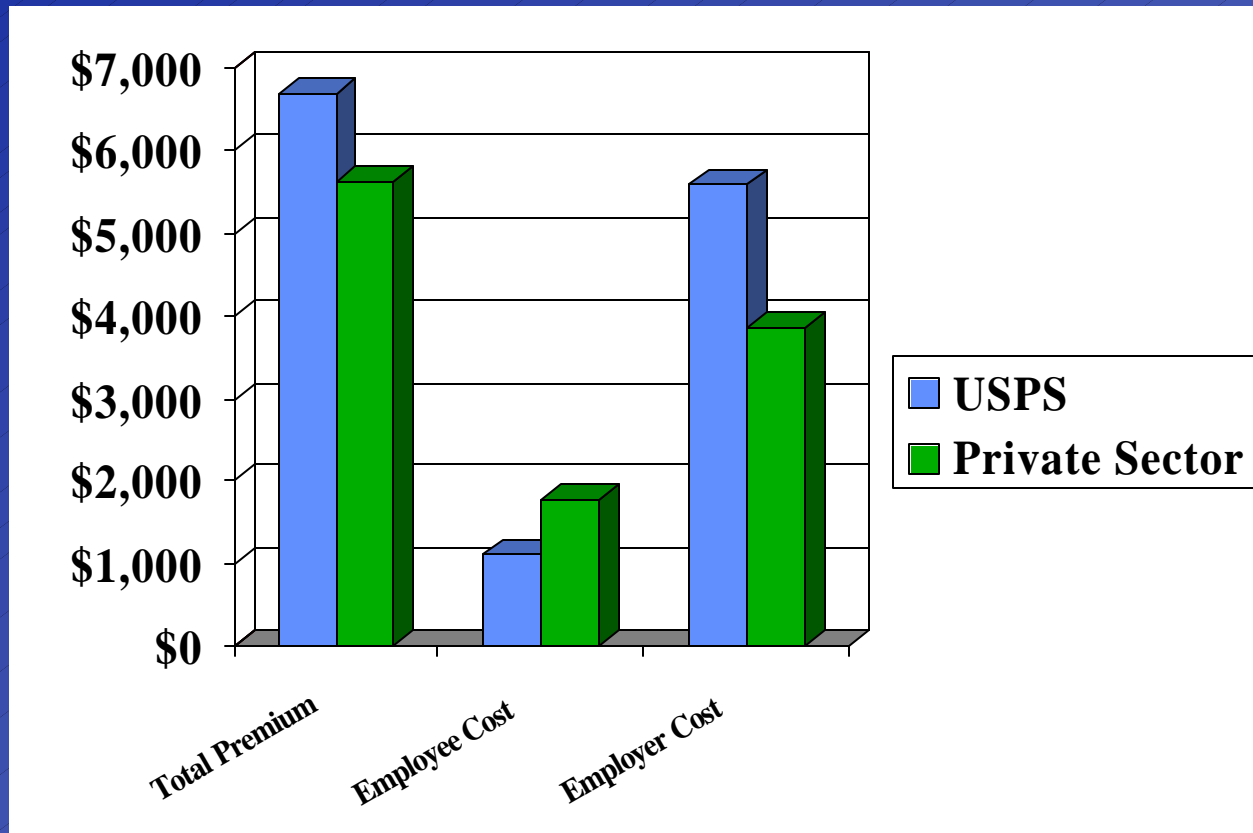
# *Retirement*

## Components of Defined Benefit Plans



Source: HayGroup 2002 Value Study

# *Health Insurance*



Source: Mercer National Survey of Employer-Sponsored Health Plans 2002



## *Health Benefits for Retirees*

- Lifetime coverage for retirees and survivors
- Contributions the same as active Federal employees
- Current annual cost to USPS =\$1 Billion
- Health benefits for retirees in the private sector has been eliminated or reduced in the last 10 years

# *Statutory Considerations*

- **Options for consideration:**
  - **Stay within the Federal benefit systems, but seek authority to modify benefit provisions and contribution levels**
  - **Provide separate benefit programs**
- **Either approach is likely to require legislation**